

April 12, 2006

Robert E. Feldman
Executive Secretary
Attention: Comments
FDIC
550 17th St., N.W.
Washington, DC 20429

To Whom It May Concern:

The Citizens Bank of Higginsport, Ohio would like to comment on the "Proposed Commercial Real Estate Lending Guidance (CRE) currently being considered.

According to the proposal, banks with 100% or more of capital in construction land development and land loans, or 300% or more of capital in multi family and non-farm non residential property loans, and construction, land development and land loans would be affected. (Owner occupied loans are excluded)

We believe that the proposed guidance is unnecessary, is too restrictive and unfairly burdensome for our Bank, as well as, all Community Banks. We ask that you not go forward with the proposed guidance for the following reasons:

- Regulators should address CRE management problems Bank by Bank, not with a broad brush across the banking industry. There are already existing real estate lending regulation standards and guidelines which examiners have to address and enforce any safe and unsound practices.
- Our Community Bank with total assets of \$112,000,000.00 and total loans of \$75,600,000.00 underwrites our CRE loans conservatively. We lend in our local community and know our borrowers and the condition of our local economy. We carefully inspect collateral and monitor the borrower's financial condition and loan performance.
- This proposal does not recognize that different segments of the CRE markets have different risk levels. Regulators should consider current risk management practices, methodology for determining the Bank's allowance for loan losses, the Bank's net charge-off history and current capital level. In the past two years we have improved our risk management practices, increased our staff to help in this matter and continued to increase our capital levels to prepare for any unforeseen economic downturn.
- The proposed threshold limits of CRE loans to capital, in this proposal, are too restrictive and do not take into account the lending and risk management practices

- of individual lending institutions. The Citizens Bank of Higginsport, Ohio already holds capital at levels above minimum standards and should not need to raise additional capital because our CRE loans exceed the proposed thresholds.
- The proposed guidance would be unfairly burdensome for our Bank as well as most Community Bank's that do not have opportunities to raise capital or diversify our portfolio to the extent that larger regional Bank's can.
 - The CRE portfolio of our Bank has grown in response to the needs of our community and with implementation of a proposal like this would severely inhibit our growth and earnings.

The Directors and Officers of The Citizens Bank of Higginsport, Ohio urges you not to go forward with the proposed thresholds as they would severely limit our ability to generate income, due to the loss of quality loans to larger competitors. The proposal also would slow capital growth and slow the increase in shareholder value in our Bank.

Please direct any comments and questions to my attention @ 513-876-2511 or ryeager@fuse.net.

Respectfully submitted,

Robert A. Yeager
Executive Vice-President
& CEO